


2012 REGULAR SESSION  
ACTUARIAL NOTE SB 10

Senate Bill 10 SLS 12RS-148 Engrossed  Author: Senator Elbert L. Guillory Date: March 28, 2012  LLA Note SB 10.02  Organizations Affected: Statewide Retirement Systems  EG NO IMPACT APV	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.    Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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**Bill Header:** RETIREMENT SYSTEMS. Provides for clarification of valuation method application. (6/30/12)

**Cost Summary:**

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

**Estimated Actuarial Impact:**

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administration or other fiscal concerns.

	<b><u>Increase (Decrease) in</u></b> <b><u>The Actuarial Present Value</u></b>
<b><u>Actuarial Cost (Savings) to:</u></b>	
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

**Estimated Fiscal Impact:**

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Bill Information:**

**Current Law**

The following statewide retirement systems use the Frozen Attained age Normal funding method in the calculating employer contribution requirements.

- 1. Louisiana Assessors’ Retirement Fund
- 2. Clerks of Court Retirement and Relief Fund
- 3. Municipal Employees’ Retirement System

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- 4. Parochial Employees’ Retirement System
- 5. Sheriffs’ Pension and Relief Fund

**Proposed Law**

SB 10 specifies that when the frozen initial accrued liability is fully paid, the funding method that will be used by the retirement systems identified above will be the aggregate funding method.

**Implications of the Proposed Changes**

SB 10 does not have any practical effect on the funding methods used by the identified retirement systems. The bill merely formalizes what would have otherwise occurred when frozen initial accrued liabilities are fully paid.

**Cost Analysis:**

**Analysis of Actuarial Costs**

**Retirement Systems**

Actuarial costs to the identified retirement systems are not affected by SB 10.

**Other Post Retirement Benefits**

There is no actuarial cost associated with SB 10 for post-retirement benefits other than pensions.

**Analysis of Fiscal Costs**

There are no fiscal costs associated with SB 10.

**Actuarial Credentials:**

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

**Dual Referral:**

**Senate**

- ☐ 13.5.1 ≥ \$100,000 Annual Fiscal Cost
- ☐ 13.5.2 ≥ \$500,000 Annual Tax or Fee Change

**House**

- ☐ 6.8(F)(1) ≥ \$500,000 Annual Fiscal Cost
- ☐ 6.8(F)(2) ≥ \$100,000 Annual SGF Fiscal Cost
- ☐ 6.8(G) ≥ \$500,000 Annual Tax or Fee Change